

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-08 ARA-10 EA-09 EUR-12 NEA-10 FEA-01
ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00
FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01
PM-04 USIA-15 OES-06 SP-02 SS-15 STR-04 TRSE-00
ACDA-10 PA-02 PRS-01 /156 W
-----310709Z 036667 /10

R 301956Z DEC 76
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 6122
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY BONN
AMEMBASSY BRASILIA
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
USINT BAGHDAD

UNCLAS CARACAS 14872

EO 11652: NA
TAGS: ENRG OPEC VE
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SUBJ: MINISTER OF MINES COMMENTS ON OPEC CONFERENCE

1. SUMMARY. MINISTER OF MINES HERNANDEZ,
RETURNING FROM THE OPEC MINISTERIAL CONFERENCE,
SAID THE ORGANIZATION HAD EMERGED STRENGTHENED.
HE LIMITED HIS CRITICISM TO MISREPRE-

SENTATIONS BY THE WESTERN PRESS, AND DESCRIBED THE DUAL PRICE SYSTEM AS TRANSITORY AND LIKELY TO BE REPLACED IN THE COMING MONTHS.
END SUMMARY.

2. MINISTER OF MINES AND HYDROCARBONS VALENTIN HERNANDEZ ACOSTA RETURNED TO VENEZUELA DEC 28 AFTER ATTENDING THE OPEC MEETING IN QATAR AND VISITING KUWAIT AND ABU DHABI. IN A LENGTHY INTERVIEW REPORTED IN EL NACIONAL, HE EXPRESSED OPTIMISM AT THE RESULTS OF THE DOHA CONFERENCE, EXPLAINING THAT OPEC HAD EMERGED STRENGTHENED AFTER BEING SUBMITTED TO GREAT PRESSURE. HE INSISTED THERE WAS NO CRISIS NOR EVEN A SPLIT IN OPEC'S INTERNAL UNITY.

3. HERNANDEZ DESCRIBED THE FINAL OUTCOME ON PRICE AS A TRIUMPH OF MODERATION. THE CONFERENCE BEGAN, HE EXPLAINED, WITH TWO RADICAL POSITIONS, AS SOME COUNTRIES WANTED A 25 PERCENT INCREASE WHILE SAUDI ARABIA INSISTED ON A PRICE FREEZE. VENEZUELA, HE EXPLAINED, SOUGHT CONSENSUS ON A MODERATE INCREASE, I.E. 10 PERCENT, AND THIS SERVED AS THE BASIS FOR THE AGREEMENT BY THE MAJORITY OF THE MEMBERS.

4. HE REFERRED TO THE PRESENT SITUATION AS TRANSITORY, A TERM HE USED REPEATEDLY TO DESCRIBE THE DUAL PRICE SYSTEM. OPEC MEMBERS, HE SAID, GENERALLY AGREED THIS SYSTEM COULD
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NOT BE IMPLEMENTED, SINCE IT WOULD ONLY BENEFIT THE MULTINATIONAL OIL COMPANIES AND SPECULATORS IN THE PETROLEUM MARKET, AND NOT CONSUMERS. OPEC MEMBERS ARE ALREADY SEEKING FORMULAS TO RESOLVE THIS AS SOON AS POSSIBLE, AND HE DESCRIBED HIS VISITS TO KUWAIT AND ABU DHABI FOLLOWING THE CONFERENCE AS PART OF THESE CONSULTATIONS. HE EXPRESSED THE VIEW THAT THESE WOULD RESULT IN UNANIMOUS AGREEMENT BY THE MEMBERS ON A NEW SYSTEM IN THE COMING MONTHS. MEANWHILE, HE DID NOT EXPECT EXCESSIVE PRODUCTION INCREASES ON THE PART OF SAUDI ARABIA AND ABU DHABI.

5. HERNANDEZ WAS CAREFUL TO AVOID ANY DIRECT CRITICISM OF SAUDI ARABIA OR OIL MINISTER YAMANI, EXPLAINING THAT WHILE THE OTHER MEMBERS

LISTENED TO THE SAUDI POSITION WITH THE RESPECT
DUE ON A DIFFERENCT OPINION, THEY WERE NOT
CONVINCED BY IT. HE DID NOTE, HOWEVER,
THAT SOME COUNTRIES WERE VICTIMS OF POSITIONS
THEY HAD ADOPTED PUBLICLY PRIOR TO THE CONFERENCE.
HIS SHARPEST CRITICISM WAS DIRECTED AT THE
WESTERN PRESS, WHICH HE SAID HAD MANIPULATED NEWS FROM
THE CONFERENCE TO SHOW A DIVIDED OPEC. WHILE HE NOTED THAT
OPEC HAD BEEN PLACED UNDER GREAT PRESSURE, HE DID NOT
ELABORATE ON THIS POINT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINISTERIAL MEETINGS, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CARACA14872
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D770001-0249
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976125/aaaaadne.tel
Line Count: 126
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: vogelfj
Review Comment: n/a
Review Content Flags:
Review Date: 04 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 JUN 2004 by chengls>; APPROVED <28 DEC 2004 by vogelfj>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MINISTER OF MINES COMMENTS ON OPEC CONFERENCE
TAGS: ENRG, VE, OPEC, (HERNANDEZ ACOSTA, VALENTIN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006